ITMAX System (ITMAX MK)

Sizable JB CCTV Win Signals Strong Growth Potential Beyond Johor Bahru

Highlights

- ITMAX secured a sizable 2,000-unit video surveillance CCTV contract from MBJB, representing a significant increase compared to its initial 500-unit contract.
- Although capex for this contract is relatively higher, ITMAX is charging a higher ASP per CCTV, driven by enhanced solution offerings such as Digital Twin and Super App.
- We expect this momentum to continue in Johor and DBKL. Maintain BUY; target price: RM6.00.

Analysis

- **Secures sizeable MBJB video surveillance CCTV contract.** ITMAX Systems (ITMAX) has secured another major contract from Majlis Bandaraya Johor Bahru (MBJB) for the installation of an additional 2,000 CCTVs in Johor Bahru (JB). The RM603.5m contract spans 240 months, excluding a 12-month installation period. Revenue recognition will commence only after the completion of the 12-month installation phase. This contract will increase the total number of CCTVs in JB to 2,500 units and approximately 3,500 units across the entire Johor region. As a result, ITMAX's unbilled orderbook has risen to RM2.16b, excluding smart parking contracts. Notably, JB still presents a substantial total addressable market (TAM), with MBJB estimating a requirement of up to 34,000 CCTV units within the city alone.
- **Higher capex intensity offset by stronger ASP and broader solution scope.** The effective capex required for the new 2,000 CCTVs is higher than the earlier 500-unit deployment at an estimated RM70m-80m versus RM14m-15m previously, translating to about RM35,000-40,000 per CCTV compared to RM28,000-30,000 per CCTV. This is mainly due to the expanded fibre network infrastructure required for wider coverage. However, the average selling price (ASP) under the current project is higher at approximately RM1,250 per CCTV per month versus about RM1,000 previously, driven by the broader solution scope that includes a Digital Twin platform enabling real-time city intelligence, planning and public safety features, as well as a Super App to streamline state administration functions including smart parking within a single platform. The Digital Twin will initially cover 2 km² compared to MBJB's total area of 373 km², highlighting significant scalability potential. All in, we continue to expect margins of at least 40% for such contracts, translating into an estimated RM7.8m in annual profit contribution for ITMAX.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	220.2	247.0	264.2	284.3	346.3
EBITDA	120.0	149.3	171.7	196.8	238.0
Operating profit	15.9	18.8	18.8	28.2	32.0
Net profit (adj.)	80.4	93.5	118.5	130.4	159.4
EPS	7.8	9.1	11.5	12.7	15.5
PE	62.5	54.0	42.4	38.6	31.5
P/B	12.5	10.0	8.5	7.3	6.2
EV/EBITDA	55.6	44.9	39.0	34.1	28.2
Dividend yield	0.4	0.5	0.6	0.6	0.8
Net margin	36.5	37.7	44.8	45.9	46.0
Net debt/(cash) to equity	(38.6)	(27.8)	(24.1)	(29.1)	(34.1)
Interest cover	33.7	85.8	50.9	56.9	55.9
ROE	20.0	18.5	20.0	18.9	19.7
UOBKH/Consensus (x)			1.00	0.96	0.97

Source: ITMAX, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	RM4.89
Target Price	RM6.00
Upside	22.7%
Previous TP	RM5.55

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Stock Data

GICS sector	Information Technology
Bloomberg ticker:	ITMAX MK
Shares issued (m):	1,035.9
Market cap (RMm):	5,065.7
Market cap (US$m):	1,280.9
3-mth avg daily t'over (US$m):	2.2

Price Performance (%)

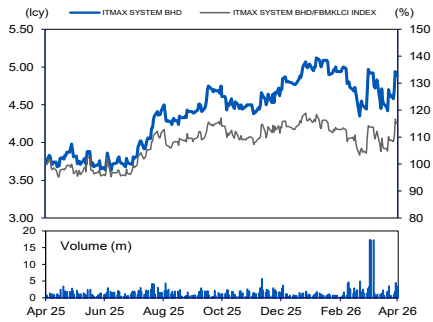
52-week high/low: RM5.22/RM3.62

1mth	3mth	6mth	1yr	YTD
10.1	(2.0)	4.3	31.5	2.5

Major Shareholders

	%
SENA HLD SDN	48.4
JULIUS BAER GROUP	6.8
EPF	4.9

Price Chart



Source: Bloomberg

Company Description

ITMAX Systems is a provider of public space network systems, focused on lighting, video surveillance, and traffic management, as well as communications network services. The group is involved in some of Kuala Lumpur's smart city initiatives.

- **Vertical and horizontal expansion opportunities across Johor.** With the addition of 2,000 CCTV units in JB, we believe this deployment will serve as a benchmark for other local councils. We anticipate similar expansions in areas such as Iskandar Puteri, Kulai and other municipalities. Beyond securing a higher number of CCTV units, we also expect ITMAX to command higher ASP per unit through the introduction of more value-added solutions, including Digital Twin, Super App and AI-enabled features, creating a twin-engine growth trajectory for ITMAX within Johor. Notably, Johor has implemented a single-system policy across all 16 councils, integrating networked traffic management, video surveillance and smart parking within one ecosystem, which should further support ITMAX's ongoing efforts to achieve comprehensive coverage across the state.
- **Significant expansion potential remains in Kuala Lumpur.** ITMAX previously secured a major contract from Dewan Bandaraya Kuala Lumpur (DBKL) in Aug 24 for the installation of 5,000 additional CCTVs across Wilayah Persekutuan Kuala Lumpur, doubling the city's CCTV base to 10,000 units and expected to contribute meaningfully from 1Q26 onwards. We expect further awards this year involving at least 5,000 units, potentially rising to 10,000 units, in line with the government's target of 20,000 CCTVs in Kuala Lumpur by 2028, given that installation typically requires at least a year. Beyond volume growth, we also expect ITMAX to command higher ASP per CCTV, similar to the JB contracts, particularly with the inclusion of Digital Twin solutions. To fully support traffic, safety and city management functions, management estimates that at least 50,000 CCTVs would ultimately be required in Kuala Lumpur. This view is reinforced by comparisons with Singapore, which has around 109,000 CCTVs, and Bangkok with approximately 78,000, underscoring the substantial expansion potential in Kuala Lumpur.
- **Smart parking ramp-up gaining traction with sizeable expansion opportunities.** The parking collection rate for Johor's smart parking system has improved progressively since 2025, reaching around 40% following the phasing out of physical coupons in Jan 25 and the full rollout of the enforcement system. To date, ITMAX has secured 131,776 smart parking bays including recent awarded 70,000 parking bays in JB with operation to go live on 1 May 26 (TAM of 200,000–300,000 parking bays across Johor). The group has also expanded into Selangor's smart parking segment via its 70%-owned subsidiary, Selmax, having secured contracts from Majlis Bandaraya Subang Jaya, Majlis Bandaraya Shah Alam and Majlis Bandaraya Selayang, covering a combined 189,000 gazetted parking bays. We expect ITMAX to be well positioned to secure further smart parking contracts in Selangor, where the TAM is estimated at 330,000-400,000 bays. Notably, the parking collection rate in Selangor had already reached 30-40% by 4Q25 and remains on track to achieve optimal levels of 50% by 1Q26.

Valuation/Recommendation

- **Maintain BUY with a higher DCF-based target price of RM6.00 (WACC: 7%; LTG: 3%),** as we roll over our valuation base year to 2027**,** which implies 39x 2027F PE. ITMAX continues to offer enormous potential across both East and West Malaysia, underpinned by a solid orderbook. Beyond that, the company leverages AI technologies and its unique database as key competitive advantages to continue delivering superior solutions.

Earnings Revision/Risk

- None. While the contract size from JB exceeded our initial expectations, we are maintaining our existing forecasts pending further contract awards before making any earnings revisions.

Contract Secured In JB

AI POWERED DIGITAL INFRASTRUCTURE				
Date	No. Smart CCTVs	No. Smart Traffic Controllers	Smart Parking (Bays secured)	Contract (RM mil)
18 Sept 2023	500	-	-	105.3
31 Jul 2025	-	230	-	145.0
16 Mar 2026	-	-	70,000*	-
15 Apr 2026	2,000^	-	-	603.5
Total	**2,500**	**230**	**70,000**	**853.8**

** Go live on 1 May 2026*

^ 1 year installation period

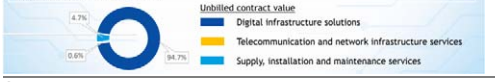
Source: ITMAX

ITMAX Orderbook

ITMAX's Order Book (As at 15 April 2026)

Revenue Segment	Contract Value (RM Mil)	Unbilled Contract Value (RM Mil)	Completion Date
Digital infrastructure solutions	2,506.9	2,077.4	Up to May 2046
Telecommunication and network infrastructure services	17.8	10.1	Up to Mar 2032
Supply, installation and maintenance services	540.7	72.4	Up to Feb 2029
Parking solutions	*Revenue sharing model**		Up to Apr 2040
TOTAL	3,065.4	2,159.9	-

- Revenue sharing model at the rate of 70% (ITMAX) and 30% (local council) and included in our Digital Infrastructure solutions revenue segment in our interim report and financial statements. To date, ITMAX has secured 8 parking solutions contracts in Johor.
- In addition, ITMAX has obtained 3 SIP contracts in Selangor, where the revenue sharing model is structured at 50% for ITMAX, 40% for the local council, and 10% for Rantaian Hesra Sdn. Bhd.



Source: ITMAX

Environmental, Social, Governance (ESG)

Environmental
- Replacing halogen streetlights in KL with more energy-efficient LED streetlights.
Social
- Maintaining a 50% male-female composition among its employees. - The group recorded zero work fatalities in 2023.
Governance
- Zero cases of bribery, corruption or disciplinary action reported in 2023. - Zero substantiated complaints concerning breaches of customer privacy and losses of customer data. - About 90% spending on local suppliers for 2023.

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	264.2	284.3	346.3	551.8
EBITDA	171.7	196.8	238.0	366.4
Deprec. & amort.	(19)	(28)	(32)	(37)
EBIT	152.9	168.6	206.0	329.0
Net interest income/(expense)	3.0	3.0	3.7	4.0
Pre-tax profit	155.9	171.5	209.7	333.0
Tax	(37)	(41)	(50)	(80)
Minorities	0.0	0.0	0.0	0.0
Net profit	118.5	130.4	159.4	253.1
Net profit (adj.)	118.5	130.4	159.4	253.1

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	327.8	379.6	427.6	470.2
Other LT assets	25.6	27.8	26.7	27.2
Cash/ST investment	195.4	250.0	335.4	483.1
Other current assets	172.5	161.1	162.0	199.1
Total assets	721.3	818.4	951.6	1,179.6
ST debt	42.4	38.8	48.8	82.9
Other current liabilities	59.5	59.5	59.5	59.5
LT debt	10.7	10.7	10.7	10.7
Other LT liabilities	17.9	20.8	24.5	28.5
Shareholders' equity	591.8	689.6	809.2	999.0
Minority interest	0.0	1.0	2.0	3.0
Total liabilities & equity	721.3	818.4	951.6	1,179.6

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	183.2	164.2	201.5	287.0
Pre-tax profit	155.9	171.5	209.7	333.0
Tax	(37.4)	(41.2)	(50.3)	(79.9)
Deprec. & amort.	18.8	28.2	32.0	37.4
Working capital changes	33.4	(6.9)	(5.1)	(20.3)
Other operating cashflows	12.4	12.6	15.3	16.7
Investing	(80.0)	(80.0)	(80.0)	(80.0)
Capex (growth)	(80.0)	(80.0)	(80.0)	(80.0)
Investments				
Others	0.0	0.0	0.0	0.0
Financing	(26.6)	(29.6)	(36.2)	(59.3)
Dividend payments	(29.6)	(32.6)	(39.8)	(63.3)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	3.0	3.0	3.7	4.0
Net cash inflow (outflow)	76.5	54.6	85.4	147.7
Beginning cash & cash equivalent	118.9	195.4	250.0	335.4
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	195.4	250.0	335.4	483.1

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	65.0	69.2	68.7	66.4
Pre-tax margin	59.0	60.3	60.6	60.4
Net margin	44.8	45.9	46.0	45.9
ROA	16.4	15.9	16.7	21.5
ROE	20.0	18.9	19.7	25.3
Growth				
Turnover	7.0	7.6	21.8	59.3
EBITDA	15.1	14.6	21.0	53.9
Pre-tax profit	18.2	10.0	22.3	58.8
Net profit	26.7	10.0	22.3	58.8
Net profit (adj.)	27.3	10.0	22.3	58.8
EPS	27.3	10.0	22.3	58.8
Leverage				
Debt to total capital	7.4	6.0	6.3	7.9
Debt to equity	9.0	7.2	7.4	9.4
Net debt/(cash) to equity	(24.1)	(29.1)	(34.1)	(39.0)
Interest cover	50.9	56.9	55.9	81.8

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